



## **Request for City Council Committee Action From the Department of Human Resources**

Date: November 14, 2002

To: Ways and Means/Budget Committee

Prepared or Submitted by \_\_\_\_\_ Ann Eilbracht, 673-2139

Approved by \_\_\_\_\_, John Moir, City Coordinator

**Subject: Life Insurance Carrier for 2003 - 2005**

**Presenters in Committee:** Ann Eilbracht

### **Recommendation**

Approve the Internal Review Committee recommendation to renew our contract with ING Reliastar for basic and supplemental life insurance coverages. This was approved by the Executive Committee at their November 13, 2003 meeting.

### **Financial Impact** (Check those that apply)

☒ No financial impact or Action is within current budget.

- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

☐ Request provided to the Budget Office when provided to the Committee Coordinator

### **Background/Supporting Information -**

As required by MN Statute 471.6161, the City of Minneapolis solicited bids on our employee Life Insurance benefits. The City provides permanent, full-time employees with \$10,000 of term Life Insurance, and \$10,000 Accidental Death and Dismemberment Insurance. Employees can also purchase additional term

life insurance (called supplemental) for 1 to 5 times annual salary to a maximum of \$500,000, and life insurance for their dependents at \$5,000 per family. The employee pays the full premium for the supplemental and dependent coverage.

The Human Resources Department published an RFP on September 18, 2002 and received ten complete bids. Seven of the ten bidders offered very attractive rate proposals. The Human Resources Department formed an Internal Review Committee staffed by city managers, labor representatives and another public jurisdiction to review the remaining seven bids. All bids provided savings for the City for the basic life insurance and for the employees purchasing the supplemental and dependent insurance. The Internal Review Committee considered the other criteria for selection including:

1. Financial ratings
2. Number of years of rate guarantees
3. Local service capabilities
4. Methodology for calculating renewal rates
5. Responsiveness of RFP (e.g. Carrier pays livable wage, has an approved Affirmative Action Plan)
6. Client references
7. Experience with other governmental entities.

ING Reliastar, our current carrier, proposed the following rates for 2003 to 2005:

	<u>Lives</u>	<u>Volume</u>	<u>ING Rates per \$1,000 for 2003</u>
Basic Life	4,912	\$49,120,000	\$.09
A D & D	4,912	\$49,120,000	\$.02
Supplemental: Non-Smokers	2,065	\$664,404	\$.06 - \$2.15, depending on age of employee
Smokers	381	\$199,916	\$.07 - \$2.55, depending on age of employee
Dependent	1,401	\$71,451	\$.85

These proposals result in a savings of \$94,310 for the Basic coverage and a savings of \$138,923 for the Supplemental and Dependent coverage.

Based on a review of all the bids and the above stated criteria, the Internal Review Committee recommends that the City enter into a contract with ING Reliastar, our current carrier, to continue providing Basic Life Insurance (including Accidental Death and Dismemberment coverage) and Supplement & Dependent Insurance to eligible City of Minneapolis employees.